

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 INR-10 NSAE-00 PM-05
NSC-05 SP-02 SS-15 EB-08 COME-00 TRSE-00 OMB-01
DOE-15 SOE-02 STR-07 GSA-02 INT-05 /100 W
-----081158 190008Z /14

R 181919Z JUL 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7956
INFO AMEMBASSY KINSHASA
AMEMBASSY LONDON
AMEMBASSY PARIS
AMCONSUL LUBUMBASHI
AMEMBASSY LUSAKA

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 14090

E.O. 11652: GDS
TAGS: EMIN, EFIN, CG, BE
SUBJECT: COBALT; SGM VIEWS ON KOLWEZI OPERATIONS AND
OTHER COBALT MATTERS

REF: (A) BRUSSELS 13340; (B) BRUSSELS 13713;
(C) BRUSSELS 12246

1. EMBOFF DISCUSSED COBALT MATTERS WITH SOCIETE GENERALE
DES MINERAIS (SGM) OFFICIALS (ASSISTANT DIRECTOR GENERAL
SHUMANS AND DIRECTOR SCHEIDWEILER) ON JULY 17.

2. RETURN OF EXPATRIATES TO KOLWEZI. SHUMANS AND
SCHEIDWEILER SAID THEY HAVE RECEIVED NO FORMAL INSTRUCTIONS
FROM GECAMINES TO REEMPLOY BELGIAN/FRENCH EXPATRIATES
FOR RESUMED KOLWEZI OPERATIONS. THEY HAVE BEEN TOLD
INFORMALLY, HOWEVER, THAT GECAMINES IS PREPARING A
REQUEST TO SGM TO RECRUIT UP TO 50 PERCENT OF PREVIOUS
EXPATRIATE STAFF. EMPHASIZING THAT SGM ACTS ONLY AS
AN AGENT FOR GECAMINES, SHUMANS AND SCHEIDWEILER SAID
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THEY HAD NO IDEA WHEN GECAMINES REEMPLOYMENT ORDER WOULD
ARRIVE AND CLAIMED SGM HAD LITTLE FORMAL OR INFORMAL
INFLUENCE ON GECAMINES IN SUCH MATTERS. GECAMINES, THEY
CONTINUED, WILL OFTEN PERVERSELY DO PRECISE OPPOSITE OF
WHAT SGM ADVISES.

3. SGM'S CLAIM THAT IT ACTS ONLY AS AGENT FOR GECAMINES

POSSIBLY STEMS FROM ITS CONCERN THAT TERMINATED BELGIAN AND FRENCH EMPLOYEES OF GECAMINES MAY BE CONSIDERING LEGAL ACTION IN BELGIAN COURTS AGAINST SGM AS RESULT OF GECAMINES' BREAKING THEIR CONTRACTS. BRUSSELS LE SOIR OF JULY 15 REPORTS THAT FRENCH EX-EMPLOYEES OF GECAMINES RECENTLY DEMONSTRATED IN METZ TO PROTEST THEIR EXCLUSION FROM FRENCH SOCIAL SECURITY SYSTEM AND THAT BELGIAN EX-EMPLOYEES OF GECAMINES ARE HAVING DIFFICULTY OBTAINING NECESSARY PAPERS TO QUALIFY FOR UNEMPLOYMENT INSURANCE IN BELGIUM.

4. SHUMANS AND SCHEIDWEILER AGREED WITH THE PREVAILING BELGIAN OPINION (REF B AND AMCONSUL LUBUMBASHI REPORTS) THAT WHILE ZAIRIANS HAVE DONE REMARKABLE JOB IN MAINTAINING PRODUCTION AT KOLWEZI, LOCAL STAFF WILL FACE INCREASING DIFFICULTIES IN MAINTAINING PRESENT PRODUCTION LEVELS IN ABSENCE OF EXPATRIATE TECHNICIANS AND ADVISORS. SOURCES SAID THAT SLOWDOWN IN PRODUCTION MAY BECOME APPARENT AS SOON AS THE END OF AUGUST.

5. COBALT PRICES. SHUMANS AND SCHEIDWEILER NOTED THAT ZAMBIA HAD RAISED COBALT PRICES BY NEARLY 50 PERCENT ON JULY 14 TO \$12.50 PER POUND. SGM HAS NOT YET RECEIVED ORDERS FROM SOZACOM (GECAMINES MARKETING ARM) TO FOLLOW SUIT, BUT HAS NO DOUBT THAT AN ORDER TO DO SO WILL BE COMING SHORTLY. ALTHOUGH THEY WELCOMED PRICE INCREASE AS

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THE BEST WAY OF RATIONING SHORT SUPPLY TO ESSENTIAL USERS, SHUMANS AND SCHEIDWEILER SAID THAT ZAIRIANS ARE GENUINELY CONCERNED THAT OVER THE LONGER-RUN VERY HIGH COBALT PRICES MAY FORCE SOME USERS INTO SUBSTITUTES.

6. P-2 EXPANSION PROJECT. MODERATING THEIR EARLIER OPTIMISM THAT P-2 PROJECT MIGHT BE RESTORED WITHOUT MAJOR DELAY (REF C), SOURCES EXPRESSED CONCERN THAT P-2 MAY BE DELAYED BEYOND ITS PROJECTED LATE 1979-EARLY 1980 TARGET DATE. SHUMANS AND SCHEIDWEILER BELIEVE IT WILL BE DIFFICULT TO RECRUIT TECHNICIANS TO WORK ON P-2, GIVEN FACT THAT BULK OF CASUALTIES DURING KOLWEZI FIGHTING WERE AMONG P-2 TECHNICIANS. SOURCES SAID THAT P-2 TECHNICIANS WERE NOT SPECIFIC TARGETS OF THE INVADERS BUT THAT THEY--UNLIKE LONGER-TERM EXPATRIATES--HAD NOT DEVELOPED A "BUSH SENSE" OR ACCLIMATIZATION TO AFRICA AND THUS STOOD OUT EVEN AMONG OTHER EXPATRIATES.

7. ULTRA-FINE COBALT PLANT IN THE U.S. EVENTS IN KOLWEZI HAVE NOT DETERRED SGM'S PLANS TO BUILD AN ULTRA-FINE COBALT PLANT IN EITHER NORTH OR SOUTH CAROLINA. SGM IS CURRENTLY IN THE PROCESS OF ORDERING THE EQUIPMENT FOR THE

PLANT. SHUMANS AND SCHEIDWEILER SAID THAT THE ONLY MAJOR
DELAY THAT SGM IS PRESENTLY ENCOUNTERING IS IN OBTAINING
AN ENVIRONMENTAL IMPACT STATEMENT FOR THIS PROJECT FROM

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C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 14090

STATE AUTHORITIES IN SOUTH CAROLINA, WHICH IS SGM'S
PREFERRED SITE.

8. EXPORT CONTROL. SHUMANS AND SCHEIDWEILER CONFIRMED
INFORMATION (REFTEL A) THAT NEITHER GOB NOR EC ARE
PRESENTLY CONSIDERING EXPORT CONTROLS ON COBALT TRADE.
BOTH BELIEVE THAT IF SUCH A REQUEST IS MADE OF THE EC,
IT IS LIKELIEST TO COME FROM THE U.K., WHICH RELIES MORE
THAN OTHER EUROPEAN AIRFRAME AND ENGINE MANUFACTURERS ON
COBALT INPUT. CHAMBERS

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